

## Message Text

PAGE 01 STATE 228177

70

ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07 INT-05

L-03 NSC-05 OMB-01 PM-04 USIA-06 SAM-01 OES-03 SP-02

SS-15 STR-04 TRSE-00 FEA-01 NSA-01 /093 R

DRAFTED BY EB/ORF/FSE:WARILEY:MEP

APPROVED BY EB - THOMAS O. ENDERS

EB/FSE - LRRACHT

EUR/CAN - DBLAKEMORE

----- 108027

P R 242212Z SEP 75

FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA PRIORITY

INFO USMISSION OECD PARIS

C O N F I D E N T I A L STATE 228177

E.O. 11652:GDS

TAGS: ENRG

SUBJECT: PREMIER BARRETT'S PROPOSED NATURAL GAS PRICE  
INCREASE

1. DEPARTMENT HAS NOTED WITH CONCERN ANNOUNCEMENT BY BC  
PREMIER DAVID BARRETT PROPOSING FURTHER NATURAL GAS EXPORT  
PRICE INCREASES TO 2 DOLS AND 2 DOLS AND 25 CENTS PER MCF  
BY FEBRUARY AND END OF 1976 RESPECTIVELY.

2. EMBASSY SHOULD RAISE THIS WITH APPROPRIATE CANADIAN  
GOVERNMENT OFFICIALS AND REITERATE US DISSATISFACTION  
WITH INCREASING DISCRIMINATION AGAINST US NATURAL GAS  
CUSTOMERS. RAPID INCREASES OF EXPORT PRICES WHILE CANADIAN  
DOMESTIC PRICES LAG AND EXPORT CURTAILMENTS LOOM IS CONTRARY  
TO SPIRIT OF EM AND R MINISTER DONALD MACDONALD'S ANNOUNCE-  
CONFIDENTIAL

PAGE 02 STATE 228177

MENT OF JULY 17 ON CANADIAN NATURAL GAS POLICY.

3. FURTHER INCREASES PROPOSED BY BARRETT APPEAR UNREASON-  
ABLE IN LIGHT OF THE NEB'S OWN CALCULATIONS AND STATED

POLICY OF MOVING EXPORT PRICES OVER TIME TO EQUIVALENCE WITH ALTERNATIVE ENERGY PRICES IN MARKET AREA. BASED ON LATEST AVAILABLE STATISTICS PUBLISHED BY NEB IN REPORT ON NATURAL GAS PRICING LAST MAY; COMMODITY VALUES FOR BC NATURAL GAS IN THE US MARKETS WERE 1 DOL AND 84 CENTS FOR LICENSE G;L-4 (L6 PERCENT OF BC'S EXPORTS) AND 1 DOL AND 40 CENTS FOR LICENSE GL-41. A STRAIGHT AVERAGE PRICE BASED ON THE COMMODITY VALUES IN THE RELEVANT US MARKET AREAS WOULD BE ABOUT 1 DOL AND 60 CENTS PER MCF WHICH WILL BE REACHED NOVEMBER 1 WHILE A WEIGHTED AVERAGE PRICE WOULD BE ONLY 1 DOL AND 47 CENTS PER MCF.

4. USING CANADIAN GOVERNMENT'S OWN POLICY ANNOUNCED BY MACDONALD ON MAY 5, QUOTE: THAT NATURAL GAS SHOULD BE PRICED IN A COMPETITIVE RELATIONSHIP TO ENERGY ALTERNATIVES IN THE UNITED STATES AND AS A CONSEQUENCE PRICES SHOULD BE PROGRESSIVELY INCREASED TOWARD ACHIEVING THE GOAL OF COMMODITY VALUE END QUOTE, USG CAN SEE NO JUSTIFICATION FOR A FURTHER INCREASE IN THE EXPORT PRICE OF NATURAL GAS UNDER THESE LICENSES.

5. EMBASSY SHOULD REPORT ON GOVERNMENT OF CANADA REACTION TO BARRETT PROPOSAL AND CURRENT GOVERNMENT THINKING ON NATURAL GAS PRICING. SISCO

CONFIDENTIAL

<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 26 AUG 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NATURAL GAS, POLICIES, EXPORTS, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 SEP 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** SmithRJ  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE228177  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** EB/ORF/FSE:WARILEY:MEP  
**Enclosure:** n/a  
**Executive Order:** 11652 GDS  
**Errors:** n/a  
**Film Number:** D750331-0885  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t197509106/baaaacnc.tel  
**Line Count:** 81  
**Locator:** TEXT ON-LINE, TEXT ON MICROFILM  
**Office:** ORIGIN EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** SmithRJ  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 06 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <06 MAY 2003 by BoyleJA>; APPROVED <30 SEP 2003 by SmithRJ>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** n/a  
**TAGS:** ENRG, CA, US, (BARRETT, DAVID)  
**To:** OTTAWA INFO OECD PARIS  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006